

ready money to account, so as to make, no doubt, very efficient profits, and suit their own purposes better than keeping the houses. The persons taking advantage of in some such transactions may possibly be those whose misfortunes compel them to dispose of their property greatly below its value; but with this the society has nothing to do; the same thing would occur whether the purchases fell in the hands of a member of the society or any other person; although it is undoubtedly by means of such trading, and such advantageous purchases, that the society expects, in an indirect way, to realize in some degree the promised benefit to the whole of its members.

"Well, then as to the arranged payments, these begin to come in to the society from the borrower, by monthly payments, and the society is very soon again in a condition to supply ready money to the members, whose observation may have been stimulated, so as to be on the alert for a purchase, sufficiently advantageous to warrant them to invest up money in the terms offered by the society."

"So that, in fact, the main principle of the society, during the principal part of its existence, is not to have the money 'within itself,' nor to allow it to be foolishly 'passing from one side of the society to the other,' but to circulate it amongst the trading and enterprising, not being members of the society at all, and who, but for such means, might never have had the opportunity of trading with and turning it to advantage."

"2ndly. It seems very unfair to place in juxtaposition the two classes of 'rich capitalists' and 'poor borrowers,' in the description of persons respectively lending and borrowing money in these societies. It is extremely questionable whether a single member, in several such societies I could name, can be correctly described as belonging, in fact, to either class. They are generally speaking all of one, the middle class, voluntarily combined for the purposes of profit, by means of a purely trading principle, and apparently to the advantage of all, at least very much to the general satisfaction, for they pay their hundreds of pounds per month, with the cheerfulness of men who know what they were about, and whose minds were made up as to the result."

"As to the assertion that the society is a 'swindling *felo de se*, contradicting itself, and cutting its own throat,' those terms are simply surplussage, of a rather coarse kind; at best they only apply to what is an entirely incorrect description of the societies. In a very important particular."

"3rdly. With regard to the deduction from the ultimate value of each share, to which parties are willing to submit, in consideration of an immediate advance, it should, in the first place, be considered that the society does not, cannot, take up money from these societies for any 'pressing necessities'; and that it must indeed be a very singular 'recklessness,' a very indecipherable kind of 'despair,' that induces a man to submit to a 'ruinous loss' in order to buy a house that he need not buy unless he chooses. It should also be considered that men are generally (when not pressed by any urgent necessity) pretty good judges of their own concerns, and know very well whether or not it will suit them to submit to a deduction of 850, or 500, for any specific purchase they wish to make. The difference between those two sums is not, as stated by you, 'all the difference as to the advantageousness of the terms to the borrower.' The real question with him, is whether or not the object for which he takes up the money is worth his submitting to the highest deduction. If it be, he will take up the money; if not, he will leave it alone. Of course a man may make a bad purchase, or an imprudent or injudicious investment; but he would not be more likely to do so in trading with money borrowed from the society than in trading or purchasing under any other circumstances. He would be rather less likely, on account of the absolute necessity of making the profits of such purchase or investment materially assist his payments to the society. It may be very fairly doubted whether any of the members of these societies are so very 'inexperienced, sanguine, or glib,' as to be induced to 'bid one against another,' for the purpose of obtaining and laying out a sum of money upon an investment, the probable returns of which they have not tolerably well calculated. It is altogether

a matter of business amongst them; there is very little 'recklessness,' 'despair,' 'ignorance,' or 'misfortune' in the matter."

"Lastly, the statements and calculations published by you, by which you state Mr. Bowen 'makes the hedgehog unravel itself,' are objectionable on two grounds. The statements are not all true, and the calculations are far from clear. The statement you make that 'so far from Mr. Bowen's scale of deduction being too high a one, he declares it is frequently a full 100 higher in such societies;' this is not true. It is so palpably untrue, that it may be doubted if any society, acting regularly or frequently upon such a scale of deductions, could ever have had an existence of such duration as to be worth naming. There may certainly have been instances of speculating borrowers consenting to submit to exorbitant deductions, but in the general sense ascribed in the last lines quoted it is untrue."

"The greatest deduction made in the society to which I belong never amounted to 55%, and the deduction has been very regular at from 50% to 55%. This may be proved by a person taking the trouble to inquire of any one or more of the three or four hundred respectable men of the middle class (I am almost certain they are not 'ravenous capitalists') who belong to the Metropolitan Society, held at the London Tavern. The last shares sold were at a deduction of 51% odd shillings. This is of itself sufficient to disprove Mr. Bowen's last quoted declaration. Information obtained from other London societies would further prove that such deductions are not worthy of credit. 2ndly, with regard to the calculations, it is not proved (and until it be proved, it must be doubted) whether the table of any existing society shows 'that a man can borrow 3500, of them, and repay the same at an interest of only 70%.' This must be doubted, because any man knows he cannot borrow 3500, for ten years without paying for it in the course of that time 1750, at a simple interest of 5% per cent., and without being any nearer the repayment of the principal than when he started."

Whether or not the 3500 would cost him, as you state Mr. Bowen shews, 2000, or what sum it would in fact cost him, would manifestly depend upon circumstances connected with time and mode of payment, which you do not touch upon. Even admitting the correctness of such statement, whether or not such payment would be a hardship upon him, would seem also to depend entirely upon the use he had for the money. Neither do you attempt to shew (what it would have been very important to have done) that, whether at an interest of 3000, or any other sum, the 3500, and all interest, would not be repaid to the society in about the same time, if such were the case, as when he had his house, even though he paid 10% a year more to society, than he had been previously paying for rent, he would probably be well enough satisfied with his bargain, to be the gain to the society what it might."

"Mr. Bowen is of course here treated as a secondary person. His pamphlet may or may not be capable of entire refutation; but so far as can be judged of it from your extracts, it is not of that temperate and impartial character likely to be very useful, and it would probably without your notice have done little good or harm: but you are responsible for the use or abuse of very different kind of power; and you certainly do appear to me, that in the prominent notice you have taken of Bowen's 'Bubble,' you have not exercised your usual discrimination and good judgment. You have, in a leading article, advanced the weight of your powerful influence in support of statements, which, to say the least, are, as you have printed them, extremely vague and unsatisfactory, and, thereupon, passed a sweeping sentence of condemnation on these societies. The injustice is evident. The sentence will go forth to thousands, who, resting satisfied with the authority, will probably never trouble themselves about its justice."

"In concluding, allow me, Sir, to ask you one question. What on earth do you suppose Mr. Bowen could have been thinking of when he penned the grandiloquent flourish with which you conclude your notice? As well as having, as you state, 'an indubitable nose for a job,' he must also be endowed with a vigorosity and play of fancy and imagination, the flights of which, to mere ordinary

men of business, like the bulk of those who compose these societies, will, I should think, be totally incomprehensible. It seems to me to be perfectly bewildering to conceive what in the world there can be 'so detestable in principle,' 'so degrading to our common nature,' in men adopting, for an absolutely necessary purpose, the same means as are daily used at every sale by auction to ascertain who is disposed to give the most for something that is to be sold! What other means could, in fact, be had recourse to, where there are several men equally desirous of purchasing, and differently circumstanced with regard to what sum it will suit their purpose to bid. There is no 'encouraging the needy to hid one against another.' They are not needy at all! They have a reversionary interest in 1200, due ten years hence, and they want its present value, because they have an opportunity of using it to immediate advantage. I suppose it is not contended that men ought to 'hold on for nothing.' If not, I should really like to know, when the matter is stripped of all this nonsense about 'pressing necessities inducing men to submit to ruinous loss from the recklessness of despair,' where exists the detestable principle, in half a dozen men voluntarily bidding for a sum of ready money, which they can only obtain on condition of having very sufficient security to invest it upon. As they must have this security they cannot be so very needy, and they mostly belong to a frugal class, opposed to recklessness of any kind."

The legislature of this country has, at one time or other, unfortunately, been so low, the advantage of which to the mass of the people is extremely questionable. When not actuated, however, by the selfish influence of powerful classes, the legislature cannot be fairly accused of deliberately making bad and corrupt laws. At all events I have still too much respect for the 'collective wisdom,' to give ready credence to the assertion, that under the specious guise of 'affording encouragement and protection to certain societies, called Building Societies, established in different parts of the kingdom, principally amongst the industrious classes' (see 6 & 7 Will. 4, c. 32), our government has been coolly preparing a trap 'for transferring the other savings of the frugal poor into the pockets of ravenous capitalists.'"

"I am, Sir, very respectfully,

"Your most obedient servant,

"A MEMBER OF THE METROPOLITAN BUILDING SOCIETY."

In addition to the preceding letter the pamphlet contains some additional remarks, of which the following are a portion:—

"Not more than three or four months ago, a letter, purporting to be from Messrs. Wilkinson and Cobbold, was addressed to the *Times*, and signed by them, in which it had been found by experience that the interest of the borrower (for whom the benefit of the act was chiefly designed) was more consulted by reducing the value of the share to 1200, and his monthly payments to 10s., and it had been also found and proved by experience that taking 500 per share as the average premium paid for an immediate advance, in ten years and a half would suffice to raise the full sum of 1200 per share; and moreover offering 'to shew any person making the inquiry from fair motives, a series of calculations working out a society upon this hypothesis for ten years and a half, and demonstrating that at the expiration of that period the capitalist will receive 1300 for each share, and the borrower have his debts returned without further payment; and further offering to 'shew balance sheets of various societies demonstrating the statement in actual practice, and proving that where (as is the case in most of the London societies) the premiums paid average about 600 per share, a shorter period than ten years will suffice.' Now, for any thing that appears to the contrary, Messrs. Wilkinson and Cobbold, members of the Incorporated Law Institution, London, are as good an authority as John Bowen. They do not, it is true, draw any delusive comparisons, having more sound than sense, between Building Societies and the National Debt, and, being practical men, their letter is very meagre of passages about 'necessitous men submitting to ruinous loss from the recklessness of despair;' but, such their letter appears to address itself very much to the real, the actual state of the case for all that."